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98TH CONGRESS  
1ST SESSION

**H. R. 2782**

[Report No. 98-110, Parts I and II]

To amend the Defense Production Act of 1950 to revitalize the defense industrial base of the United States.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 27, 1983

Mr. LAFALCE (for himself, Mr. MCKINNEY, Mr. ST GERMAIN, Mr. LUNDINE, Mr. VENTO, Mr. D'AMOURS, Ms. OAKAR, Mr. MINISH, Mr. FAUNTROY, Mr. SCHUMER, Mr. COYNE, Mr. MORRISON of Connecticut, Ms. KAPTUR, Mr. LEVIN of Michigan, Mr. TORRES, Mr. WORTLEY, Mr. GARCIA, Mr. FRANK, and Mr. ANNUNZIO) introduced the following bill; which was referred jointly to the Committees on Banking, Finance and Urban Affairs and Education and Labor

MAY 12, 1983

Reported from the Committee on Banking, Finance and Urban Affairs with an amendment

[Strike out all after the enacting clause and insert the part printed in bold face italic]

MAY 16, 1983

Reported from the Committee on Education and Labor with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through in brackets and insert the part printed in italic]

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## A BILL

To amend the Defense Production Act of 1950 to revitalize the defense industrial base of the United States.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SHORT TITLE**

4 **SECTION 1.** This Act may be cited as the "Defense In-  
5 dustrial Base Revitalization Act".

6 **TITLE I—INDUSTRIAL MODERNIZATION AND**  
7 **STRATEGIC AND CRITICAL MATERIALS**

8 **SEC. 101.** Title III of the Defense Production Act of  
9 1950 (50 U.S.C. App. 2091 et seq.) is amended by inserting  
10 after section 303 the following:

11 **"FINDINGS AND PURPOSE**

12 **"SEC. 303A. (a)** The Congress hereby finds, with re-  
13 spect to section 303B, that—

14 **"(1)** the national defense and economic health of  
15 the United States depend upon the continuous mainte-  
16 nance of a strong and modern industrial base and the  
17 uninterrupted access to those critical and strategic ma-  
18 terials needed to supply such base;

19 **"(2)** in recent years, several important industries,  
20 representing a significant portion of our Nation's  
21 second and third tier defense industrial base, have  
22 either virtually shut down or have substantially re-  
23 duced their production capacity;

24 **"(3)** a major factor in the decline of this part of  
25 our national defense industrial base has been the inabil-

1     ity of small- and medium-sized businesses to obtain  
2     access to sufficient capital to remain competitive in the  
3     face of increasing foreign competition;

4             “(4) as a result, important segments of the United  
5     States defense industrial base are now characterized by  
6     declining productivity, aging facilities and machinery,  
7     and a high degree of import penetration; and

8             “(5) at the same time, the United States has also  
9     found itself increasingly and dangerously dependent  
10    upon foreign sources for critical and strategic materials  
11    necessary to our defense capability.

12            “(b) It is the purpose of section 302B to strengthen the  
13    capability and capacity of the Nation's defense industrial base  
14    by assisting in the process of capital investment in certain  
15    small- and medium-sized businesses vital to our defense pre-  
16    paredness, and by encouraging the expansion of domestic  
17    production, processing, and conservation of strategic and  
18    critical materials.

19            “INDUSTRIAL MODERNIZATION AND STRATEGIC AND  
20                                    CRITICAL MATERIALS

21            “SEC. 302B. (a)(1) The President, utilizing the types of  
22    financial assistance specified in sections 301, 302, and 303,  
23    and any other authority contained in this Act, shall take im-  
24    mediate action to assist in the modernization, improvement,  
25    and expansion of productive capacity of industries in the

1 United States which are necessary to the manufacture or  
2 supply of national defense materials which are required for  
3 the national security or are likely to be required in a time of  
4 emergency or war.

5       “(2) Such assistance shall be provided only to small-  
6 and medium-sized businesses, as defined by the Secretary of  
7 Commerce, unless the President determines that the interests  
8 of national defense require an exception to this limitation.

9       “(3) The financial assistance provided under this subsec-  
10 tion shall, to the greatest extent possible, be made available  
11 to small independently owned and operated businesses.

12       “(b)(1) The Secretary of Defense, in consultation with  
13 the Secretary of Commerce, shall—

14           “(A) determine immediately, and semiannually  
15 thereafter, those industries which should be given pri-  
16 ority in the awarding of financial assistance under sub-  
17 section (a);

18           “(B) determine the type and extent of financial  
19 assistance which should be made available to each such  
20 industry; and

21           “(C) with respect to the industries specified pur-  
22 suant to subparagraph (A), indicate those proposals, re-  
23 ceived under subsection (d), which should be given  
24 preference in the awarding of financial assistance under  
25 subsection (a) based on a determination that such pro-

1       posals offer the greatest prospect for improving produc-  
2       tivity and quality, and for providing materials which  
3       will reduce the Nation's reliance on imports.

4       “(2) Each proposal shall include a financial plan which  
5       specifies how the assistance offered under this section shall  
6       be used to insure that the company involved, by receiving  
7       such financial assistance, will become more economically  
8       viable in the future.

9       “(c)(1) The President shall extend assistance under sec-  
10      tions 301, 302, and 303, and any other authority contained  
11      in this Act, to persons engaged in the expansion of the do-  
12      mestic capability and capacity to produce or process critical  
13      and strategic metals, minerals, and materials, including—

14           “(A) the conservation, substitution, and recycling  
15           of such metals, minerals, and materials; and

16           “(B) the development of processes, alternate prod-  
17           uct designs and material selection systems, which  
18           lessen or obviate the need for such critical and strate-  
19           gic metals, minerals, and materials.

20      “(2) The President shall exercise the authority granted  
21      under this subsection in consultation with the Secretary of  
22      Defense, the Secretary of the Interior, the Secretary of Com-  
23      merce, and the Director of the Federal Emergency Manage-  
24      ment Agency.

1       “(d) The President, in extending assistance under sub-  
2 sections (a) and (e), shall extend such assistance on the basis  
3 of proposals submitted in response to a series of public solici-  
4 tations, the first of which shall be issued by the President  
5 within ninety calendar days following the date of the enact-  
6 ment of this section.

7       “(e)(1) Any contract for financial assistance which is  
8 awarded under subsection (a) or (e) and which utilizes finan-  
9 cial assistance through purchase agreements specified in sec-  
10 tion 303 shall provide that the President has the right to  
11 refuse delivery of the items specified in such contract and to  
12 pay the person involved an amount equal to the amount by  
13 which the price for such items, as specified in the contract  
14 involved, exceeds the market price, as determined by the  
15 Secretary of Commerce, for such items on the delivery date  
16 specified in such contract.

17       “(2) Financial assistance under subsection (a) or (e) shall  
18 not be extended to assist establishments relocating from one  
19 area to another or to assist persons whose purpose is to  
20 divest, or whose economic success is dependent upon divest-  
21 ing, other persons of contracts theretofore customarily per-  
22 formed by them, except that such limitation shall not be con-  
23 strued to prohibit such financial assistance for the expansion  
24 of an existing business entity through the establishment of a  
25 new branch, affiliate, or subsidiary of such business entity if

1 the President finds that the establishment of such branch,  
2 affiliate, or subsidiary will not result in an increase in unem-  
3 ployment in the area of original location or in any other area  
4 where such entity conducts business operations, unless the  
5 President has reason to believe that such branch, affiliate, or  
6 subsidiary is being established with the intention of closing  
7 down the operations of the existing business entity in the  
8 area of its original location or in any other area where it  
9 conducts such operations.

10 ~~“(f)(1)(A)~~ There are authorized to be appropriated to  
11 carry out the provisions of subsections (a), (b), and (c) not to  
12 exceed—

13 ~~“(i)~~ \$400,000,000 for fiscal year 1984;

14 ~~“(ii)~~ \$600,000,000 for fiscal year 1985; and

15 ~~“(iii)~~ \$800,000,000 for fiscal year 1986.

16 ~~“(B)~~ Such sums shall remain available until expended.

17 ~~“(2)(A)~~ In the use of loan guarantees, price guarantees,  
18 and direct loans as Federal financial incentives to accomplish  
19 the objectives of this section, the President may utilize the  
20 borrowing authority of the Treasury to the extent that the  
21 estimated ultimate net cost of such incentives to the Govern-  
22 ment does not exceed the total of appropriations made by the  
23 Congress to carry out the provisions of subsections (a), (b),  
24 and (c). Such estimates shall be based upon the past experi-

1   ence of the actual costs of Federal financial incentives under  
2   this Act and related expenses.

3       “(B) The use of loan guarantees, price guarantees, and  
4 direct loans under this section and the use of the borrowing  
5 authority of the Treasury under this subsection shall be effec-  
6 tive for any fiscal year only to such extent or in such  
7 amounts as are provided in advance in appropriation Acts.”

~~TITLE II—DEFENSE-RELATED SKILL TRAINING~~  
~~AND EDUCATION~~

10       Sec. 201. Title III of the Defense Production Act of  
11 1950 (50 U.S.C. App. 2091 et seq.) is amended by inserting  
12 after section 303B, as added by title I of this Act, the follow-  
13 ing:

14 ~~"FINDINGS AND PURPOSE~~

15       “~~SEC. 303C.~~ (a) The Congress hereby finds, with re-

16   spect to sections ~~303D~~ and ~~303E~~, that—

17           “(1) there is a serious shortage of trained workers  
18           for many critical defense-related occupations;

19           “(2) in many such occupations, this labor shortage  
20       will worsen as the present defense buildup gets under-  
21       way;

22           “(3) this labor shortage has the potential of seri-  
23           ously jeopardizing the Nation's defense preparedness;



1           “(4) there is currently no federally focused effort  
2       to remedy this threat to our national security by train-  
3       ing workers specifically for critical defense-related jobs;

4           “(5) this labor shortage is occurring at the same  
5       time that vast numbers of skilled and semi-skilled  
6       workers have been permanently dislocated from their  
7       prior occupations; and

8           “(6) there is currently inadequate assistance being  
9       provided to institutions of higher education to assist  
10      them in obtaining and installing the modern equipment  
11      needed to train individuals for work in such occupa-  
12      tions.

13          “(b) It is the purpose of sections 303D and 302E to  
14      train and employ individuals, especially dislocated workers,  
15      for jobs in critical defense-related skills, as determined by the  
16      President, and to provide assistance to institutions of higher  
17      education to obtain and install equipment to train individuals  
18      in such skills.

19          “~~DEFENSE-RELATED SKILLS TRAINING PROGRAM~~

20          “~~SEC. 303D. (a)(1) The President shall take immediate~~  
21      action to develop and implement a national program to train  
22      and employ workers in skills which the President determines  
23      are necessary in the industries identified under subsections  
24      (a), (b), or (c) of section 303B, and which the President deter-

1 mines are in short supply or are anticipated to be in short  
2 supply.

3       “(2) The Secretary of Defense, after consultation with  
4 the Secretary of Labor and the National Occupational Infor-  
5 mation Coordinating Committee, shall transmit to the Presi-  
6 dent the recommendations of the Secretary of Defense re-  
7 garding the determinations which the President is required to  
8 make under paragraph (1).

9       “(b)(1) Assistance under this section shall be in the form  
10 of a grant to a Governor to be allotted to a State board of  
11 vocational education or other agency or agencies designated  
12 in the State plan by the Governor of the State involved. Such  
13 grants may be extended only if a State plan for a three-year  
14 program of skills training has been submitted by the Gover-  
15 nor to the President and approved by the President.

16       “(2) The President may, to the extent possible—

17           “(A) provide assistance in coordinating the State  
18 plans developed under this section; and

19           “(B) provide technical assistance and support  
20 services in the implementation and conduct of pro-  
21 grams of skills training which are carried out under  
22 this section.

23       “(e) The President, in determining the extent to which  
24 State plans shall be funded, shall make use of all appropriate

1 and reasonable factors, but shall give particular emphasis  
2 to—

3           “(1) the present or anticipated short supply in  
4           that State of skilled workers for industries identified by  
5           the President under subsection (a), (b), or (c) of section  
6           303B;

7           “(2) the number of labor surplus areas in such  
8           State; and

9           “(3) the extent to which the State plan is de-  
10          signed to train dislocated workers for skilled occupa-  
11          tions in such industries which are presently in short  
12          supply or anticipated to be in short supply upon the  
13          completion of such training.

14          “(d) The President shall not approve for funding any  
15          State plan unless—

16               “(1) the State plan has been developed with rep-  
17               resentatives of the management and workers of the in-  
18               dustries involved and with public and private educa-  
19               tional institutions of the State;

20               “(2) the State plan includes on-the-job training,  
21               vocational, and other institutional training programs;

22               “(3) the State plan is designed to ensure meaning-  
23               ful opportunities for participation by minorities and  
24               women;

1           ~~“(4) the Governor of the State has certified in~~  
2           ~~writing that the State plan will be carried out in ac-~~  
3           ~~cordance with the requirements of this section; and~~

4           ~~“(5) such State plan includes—~~

5                 ~~“(A) upgrading skills training; and~~

6                 ~~“(B) retraining of workers in depressed in-~~  
7                 ~~dustries, in surplus labor areas, or with occupa-~~  
8                 ~~tional skills which might become obsolete because~~  
9                 ~~of industrial modernization or technological ad-~~  
10                ~~vancement, in skills which the President deter-~~  
11                ~~mines under subsection (a) are necessary in the~~  
12                ~~industries identified under subsection (a), (b), or (c)~~  
13                ~~of section 303B as necessary to the manufacture~~  
14                ~~or supply of national defense materials which are~~  
15                ~~required for the national security or are likely to~~  
16                ~~be required in a time of emergency or war.~~

17           ~~“(c) The State plan shall, where appropriate, include~~  
18           ~~certified apprenticeship training pursuant to an apprentice-~~  
19           ~~ship plan.~~

20           ~~“(f) Any bona fide public or private training program~~  
21           ~~engaged in training workers in skills described in subsection~~  
22           ~~(a) shall be considered eligible to deliver such training serv-~~  
23           ~~ices upon written application, pursuant to a competitive proe-~~  
24           ~~ss, to the State board of vocational education or other~~

1 agency or agencies designated by the Governor of the State  
2 involved under subsection (b)(1).

3       “(g) The State job training coordinating council under  
4 Public Law 97-200 shall be given the opportunity—

5           “(1) to participate in the development of the plan;

6           “(2) to review the plan for thirty days prior to its  
7 submission to the President; and

8           “(3) to submit written comments along with the  
9 submission of the plan to the President.

10       “(h) The activities funded under this section shall not  
11 duplicate facilities or services available in the area (with or  
12 without reimbursement) from Federal, State, or local sources,  
13 unless the plan provides evidence that alternative services or  
14 facilities would be more effective or more likely to achieve  
15 the objectives specified in subsection (a) of this section.

16       “(i) The plan shall contain assurances that the activities  
17 funded under this section will be coordinated to the maximum  
18 extent feasible with other employment-related programs in  
19 the State, through joint agreements where practicable, or  
20 through joint administration, with programs funded under the  
21 Job Training Partnership Act to ensure maximum participa-  
22 tion of eligible participants under such Act in training pro-  
23 grams funded under this section, and through consultation  
24 and coordination with certified apprenticeship plans, where  
25 such plans are in effect, to ensure that the plan does not

1 duplicate or undermine existing certified apprenticeship pro-  
2 grams.

3       “(j) The State plan shall include a certification which  
4 assures the following labor training standards and require-  
5 ments will be met:

6           “(1) conditions of training shall be appropriate and  
7 reasonable in the light of such factors as the type of  
8 work, geographical region, and proficiency of the par-  
9 ticipant;

10          “(2) health and safety standards established under  
11 State or Federal law, otherwise applicable to working  
12 conditions of employees, shall be equally applicable to  
13 working conditions of participants;

14          “(3) to the extent that a State workers' compen-  
15 sation law is applicable, workers' compensation bene-  
16 fits in accordance with such law shall be available with  
17 respect to injuries suffered by participants. To the  
18 extent that such law is not applicable, each recipient or  
19 subrecipient of funds under this section shall secure in-  
20 surance coverage for injuries suffered by such partici-  
21 pants, in accordance with regulations prescribed by the  
22 Secretary of Labor;

23          “(4) no currently employed worker shall be dis-  
24 placed by any participant (including partial displace-

1       ment such as a reduction in the hours of nonovertime  
2       work, wages, or employment benefits);

3           “(5) no program shall impair existing contracts of  
4       employment;

5           “(6) no person shall be trained for a job—

6               “(A) when any other employee in the same  
7       workplace or plant is on layoff from the same or  
8       any substantially equivalent job; or

9               “(B) when the employer has terminated the  
10      employment of any regular employee or otherwise  
11      reduced its work force with the intention of filling  
12      the vacancy so created by hiring a participant  
13      whose training is assisted under this section;

14          “(7) recipients of funds available under this sec-  
15      tion have given assurances that such funds shall not be  
16      used to assist, promote, or deter union organizing;

17          “(8) no funds available under this section may be  
18      used to assist, promote, or deter union organizing; and

19          “(9) no funds will be used to train workers for  
20      low skilled occupations.

21          “(k) Any grant under this section shall be extended in  
22      any year only after the State involved has provided a contri-  
23      bution, from public or private resources, to carry out the  
24      State plan in an amount equal to 10 per centum of the cost of  
25      the State plan for such year.

1       “(l) Each training program under the State plan shall  
2 include contributions and other types of active participation  
3 during the course of training from industry or labor organiza-  
4 tions or both, except that the President, upon written request  
5 from a State, may exempt training programs in economically  
6 depressed communities from the contribution required under  
7 this paragraph.

8       “(m) A portion of a State's contribution may consist of  
9 ‘in kind’ contributions of equipment, facilities, personnel, or  
10 services to the extent that such ‘in kind’ contribution is uti-  
11 lized in carrying out the State's plan. No such ‘in kind’ con-  
12 tribution may include equipment acquired under section  
13 303E.

14       “(n) The President shall act upon each State plan not  
15 later than ninety days after the date on which such State  
16 plan is received. Such action shall be based upon the recom-  
17 mendations of the Secretary of Defense, the Secretary of  
18 Labor, and the Secretary of Education.

19       “(o) No person shall be excluded from participation in,  
20 denied the benefits of, subjected to discrimination under, or  
21 denied training in the administration of or in connection with  
22 any program under this section because of race, color, reli-  
23 gion, sex, national origin, age, handicap, or political affili-  
24 ation or belief.



1       ~~“(p) Not more than 10 per centum of the amount of any~~  
2 ~~grant made under this section may be used by a State for~~  
3 ~~administrative expenses incurred in carrying out a State plan.~~

4       ~~“(q) Assistance under this section may be used to pur-~~  
5 ~~chase and install equipment for training purposes. The pur-~~  
6 ~~chase of any such equipment shall be done by means of com-~~  
7 ~~petitive bidding.~~

8       ~~“(r) For purposes of installing Government-owned~~  
9 ~~equipment pursuant to section 303(c), the term ‘industrial~~  
10 ~~facilities’, as used in such section, shall include vocational~~  
11 ~~schools, other schools offering technical and vocational train-~~  
12 ~~ing programs, and any other location in which workers are~~  
13 ~~trained pursuant to this section.~~

14       ~~“(s) There are authorized to be appropriated to carry~~  
15 ~~out the provisions of this section and section 303E not to~~  
16 ~~exceed \$250,000,000 for each fiscal year beginning with~~  
17 ~~fiscal year 1984 and continuing through fiscal year 1986;~~  
18 ~~except that not more than \$100,000,000 is authorized to be~~  
19 ~~appropriated for each such fiscal year to carry out the provi-~~  
20 ~~sions of section 303E. All such sums shall remain available~~  
21 ~~until expended.~~

22       ~~“DEFENSE-RELATED EQUIPMENT ASSISTANCE PROGRAM~~

23       ~~“SEC. 303E. (a)(1) The President shall take immediate~~  
24 ~~action to develop and implement a grant program to assist~~  
25 ~~colleges, universities, and other institutions of higher educa-~~

1 tion in obtaining and installing modern equipment which shall  
2 be used to train professional, scientific, and technical person-  
3 nel who are needed in the industries identified under subsec-  
4 tion (a), (b), or (c) of section 303B.

5 “(2) All students and faculty studying, teaching, or con-  
6 ducting research at such an institution of higher education  
7 shall have access to such equipment for use in accordance  
8 with regulations and practices of such institution of higher  
9 education.

10 “(b) Any college, university, or other institution of  
11 higher education which desires to receive a grant under this  
12 section may submit an application to such Federal depart-  
13 ment or agency as the President shall designate. Each such  
14 application shall—

15 “(1) certify the cost of purchasing and installing  
16 the equipment involved; and

17 “(2) contain such other information as the Presi-  
18 dent deems necessary.

19 “(c)(1) Each college, university, or other institution of  
20 higher education whose application is approved under this  
21 section may be required to provide a matching share of up to  
22 50 per centum of the cost of purchasing and installing the  
23 equipment involved.

24 “(2) The purchase of any such equipment shall be done  
25 by means of competitive bidding.

1       “(d) At the discretion of the President, equipment may  
2 be provided under section 303(e) to colleges, universities, and  
3 other institutions of higher education. For purposes of such  
4 section, the term ‘industrial facilities’ shall include colleges,  
5 universities, and other institutions of higher education.

6                       “GENERAL PROVISIONS

7       “SEC. 303F. (a) Any equipment or plant financed  
8 through Federal assistance authorized by sections 303B  
9 through 303E shall be of United States origin to the maxi-  
10 mum extent practicable. Exceptions to this limitation may be  
11 made whenever the Secretary of Commerce determines in  
12 writing—

13               “(1) that the foreign sourcing of such equipment  
14 or plant will not adversely affect the capability or ca-  
15 pacity of the United States defense industrial base to  
16 provide national defense materials in a time of emer-  
17 gency or war; or

18               “(2) that such equipment or plant of United States  
19 origin is not available and is not practicable to obtain.

20       “(b) The Comptroller General of the United States shall  
21 monitor the implementation of sections 303B through 303E,  
22 conduct such audits as he determines to be necessary, and  
23 submit an annual report of his findings to the Congress at the  
24 beginning of each session of the Congress. The first such

1 annual report shall be submitted in the year following the  
2 enactment of the Defense Industrial Base Revitalization Act.

3       “(e)(1) In order to carry out the provisions of sections  
4 303B through 303E, the Office of Technology Assessment  
5 shall, subject to approval of the Technology Assessment  
6 Board and in a manner prescribed by section 472(d) of title 2,  
7 United States Code, undertake a study of the public facilities  
8 or infrastructure essential to the defense industrial base and  
9 provide Congress with appropriate recommendations for in-  
10 frastructure measures designed to avoid serious impediments  
11 to the production and distribution of materiel.

12       “(2) *The President shall employ individuals for the pur-*  
13 *pose of assessing national strategic and critical minerals and*  
14 *materials in accordance with the National Materials and*  
15 *Minerals Policy, Research and Development Act of 1980*  
16 *(Public Law 96-479).*

17       “(d)(1)(A) All laborers and mechanics employed for the  
18 construction, repair, or alteration of any project funded, in  
19 whole or in part, by a guarantee, loan, or grant entered into  
20 pursuant to [sections 303B through 303E] *The amend-*  
21 *ments made by the Defense Industrial Base Revitalization*  
22 *Act shall be paid wages at rates not less than those prevail-*  
23 *ing on projects of similar character in the locality as deter-*  
24 *mined by the Secretary of Labor in accordance with the Act*  
25 *entitled ‘An Act relating to the rate of wages for laborers and*

1 mechanics employed on public buildings of the United States  
2 and the District of Columbia by contractors and subcontrac-  
3 tors, and for other purposes', approved March 3, 1931 (40  
4 U.S.C. 276a et seq.), and commonly known as the Davis-  
5 Bacon Act.

6       “(B) Such rates are not required to be paid trainees  
7 enrolled in a public training program, established under sec-  
8 tions 303C and 303D of this Act unless they are employed in  
9 connection with projects funded under this Act in whole or in  
10 part, exclusive of wages and benefits, or projects covered by  
11 other statutes requiring the payment of such Davis-Bacon  
12 Act wage rates.

13       “(C) Notwithstanding subparagraph (B), trainees en-  
14 rolled in a private training program, established under sec-  
15 tions 303C and 303D shall receive such rates as required by  
16 such Davis-Bacon Act unless they are enrolled in training  
17 programs certified by the Secretary of Labor pursuant to  
18 such Act.

19       “(D) Participation by a trainee on a project not other-  
20 wise covered by such Davis-Bacon Act or related statutes re-  
21 quiring the payment of prevailing wages for laborers and me-  
22 chanics shall not require the payment of such wages to em-  
23 ployees on that project.

24       “(2) Guaranteeing agencies shall not extend guarantees  
25 and the President shall not make loans or grants for the con-

1 struction, repair, or alteration of any project unless a certifi-  
2 cation is provided to the agency or the President, as the case  
3 may be, prior to the commencement of construction or at the  
4 time of filing an application for a loan, guarantee, or grant, if  
5 construction has already commenced, that these labor stand-  
6 ards will be maintained at the project.

7       “(3) With respect to the labor standards specified in this  
8 subsection, the Secretary of Labor shall have the authority  
9 and functions set forth in Reorganization Plan Numbered 14  
10 of 1950 and section 276(e) of title 40, United States Code.

11       “(c) On October 1, 1983, and on the first business day  
12 of every sixth month beginning after such date, the President  
13 shall transmit a report to both Houses of the Congress listing  
14 all loans, loan guarantees, and commitments for loan guaran-  
15 tees which were issued under section 303B during the six  
16 calendar months preceding the transmittal date of the report  
17 involved.

18       “(f) Notwithstanding any other provision of sections  
19 303B through 303E, no funds are authorized to be appropri-  
20 ated to carry out such sections, unless all of such funds are  
21 attributed to a budget function or budget allocation other  
22 than one affecting or relating to education or labor, the De-  
23 partment of Education or the Department of Labor, the Com-  
24 mittee on Education and Labor of the House of Representa-  
25 tives or the Committee on Labor and Human Resources of

1 the Senate, or any subcommittee of the Committee on Ap-  
2 propriations of either House primarily responsible for appro-  
3 priations for education or labor.

4 “(g) For purposes of sections 303A through 303E—

5 “(1) the term ‘apprenticeship plan’ means a plan  
6 approved by the Secretary of Labor pursuant to the  
7 National Apprenticeship Act (29 U.S.C. 50 et seq.);

8 “(2) the term ‘State’ means any of the several  
9 States, the District of Columbia, the Commonwealth of  
10 Puerto Rico, Guam, the Virgin Islands, the Northern  
11 Mariana Islands, American Samoa, the Trust Territory  
12 of the Pacific Islands, or any other territory or posses-  
13 sion of the United States; and

14 “(3) the term ‘United States’ means the several  
15 States, the District of Columbia, the Commonwealth of  
16 Puerto Rico, Guam, the Virgin Islands, the Northern  
17 Mariana Islands, American Samoa, the Trust Territory  
18 of the Pacific Islands, and any other territory or pos-  
19 session of the United States.”.

20 **TITLE III—AMENDMENTS TO DEFENSE**

21 **PRODUCTION ACT OF 1950**

22 **SEC. 301.** (a)(1) Section 2 of the Defense Production  
23 Act of 1950 (50 U.S.C. App. 2062) is amended to read as  
24 follows:

1                                   “DECLARATION OF POLICY

2           “SEC. 2. (a)(1) In view of continuing international prob-  
3   lems, the Nation's demonstrated reliance on imports of mate-  
4   rials and components, and the need for measures to reduce  
5   defense production lead times and bottlenecks, and in order  
6   to provide for the national defense and national security, our  
7   defense mobilization preparedness effort continues to require  
8   the development of preparedness programs, defense industrial  
9   base improvement measures, and the expansion of domestic  
10   productive capacity and supply beyond the levels needed to  
11   meet the civilian demand. Also required is some diversion of  
12   certain materials and facilities from civilian use to military  
13   and related purposes.

14           “(2) These activities are needed in order to improve de-  
15   fense industrial base efficiency and responsiveness, to reduce  
16   the time required for industrial mobilization in the event of an  
17   attack on the United States or to respond to actions occur-  
18   ring outside the United States which could result in the ter-  
19   mination or reduction of the availability of strategic and criti-  
20   cal materials, including energy, and which could adversely  
21   affect the national defense preparedness of the United States.  
22   In order to insure the national defense preparedness which is  
23   essential to national security, it is also necessary and appro-  
24   priate to assure the availability of domestic energy supplies  
25   for national defense needs.



1       “(b)(1) In order to insure productive capacity in the  
2 event of an attack on the United States, it is the policy of the  
3 Congress to encourage the geographical dispersal of the in-  
4 dustrial facilities of the United States in the interest of the  
5 national defense, and to discourage the concentration of such  
6 productive facilities within limited geographical areas which  
7 are vulnerable to attack by an enemy of the United States.

8       “(2) In the construction of any Government-owned in-  
9 dustrial facility, in the rendition of any Government financial  
10 assistance for the construction, expansion, or improvement of  
11 any industrial facility, and in the production of goods and  
12 services, under this or any other Act, each department and  
13 agency of the executive branch shall apply, under the coordi-  
14 nation of the Federal Emergency Management Agency, when  
15 practicable and consistent with existing law and the desirabil-  
16 ity for maintaining a sound economy, the principle of the geo-  
17 graphical dispersal of such facilities in the interest of national  
18 defense. However, nothing in this paragraph shall preclude  
19 the use of existing industrial facilities.

20       “(3) To ensure the adequacy of productive capacity and  
21 supply, executive agencies and departments responsible for  
22 defense acquisition shall continuously assess the capability of  
23 the defense industrial base to satisfy near-term requirements  
24 as well as increased mobilization production requirements.  
25 Such assessments shall specifically evaluate the availability

1 of adequate production sources, including subcontractors and  
2 suppliers, materials, and skilled labor, and professional, sci-  
3 entific, and technical personnel.

4 “(4) It is the policy of the Congress that plans and pro-  
5 grams to carry out this declaration of policy shall be under-  
6 taken with due consideration for promoting efficiency and  
7 competition.”.

8 (2) Section 101 of the Defense Production Act of 1950  
9 (50 U.S.C. App. 2071) is amended by adding at the end  
10 thereof the following:

11 “(d) The Secretary of Defense may not enter into any  
12 contract of more than \$5,000,000 for any item of defense  
13 production from any manufacturer located in the United  
14 States unless that manufacturer agrees to conduct or sponsor  
15 the training of personnel in skills which the President deter-  
16 mines are in short supply pursuant to section 303D, if the  
17 defense procurement contract will require the contractor or  
18 any subcontractor of the contractor to hire additional workers  
19 in any such skilled occupations, and the training of such  
20 workers is critical to the timely completion of work under the  
21 contract in the area in which the contract will be performed.

22 “(e)(1) Except as provided in paragraph (2), the Presi-  
23 dent may not exercise the authority granted under subsection  
24 (a) or (b) regarding any change in approved Department of  
25 Defense urgency determinations for critical defense produc-

1 *tion programs (including any compilation or revision of the*  
2 *master urgency list on defense production) unless both*  
3 *Houses of the Congress have been notified in writing of such*  
4 *proposed exercise of authority and 60 days of continuous ses-*  
5 *sion of Congress have expired following the date on which*  
6 *such notice was transmitted to the Congress and neither*  
7 *House of Congress has adopted, within such 60-day period, a*  
8 *resolution disapproving such exercise of authority.*

9       “(2)(A) *The provisions of paragraph (1) shall not apply*  
10 *in any case in which the President determines that immedi-*  
11 *ate action is needed in the interest of national security and*  
12 *the President transmits a notice of such determination to both*  
13 *Houses of the Congress. Such notice shall be transmitted to*  
14 *both Houses of the Congress on the date on which the Presi-*  
15 *dent makes such determination.*

16       “(B) *Any determination by the President under this*  
17 *paragraph shall remain in effect if neither House of the Con-*  
18 *gress adopts a resolution disapproving the exercise of authori-*  
19 *ty involved within 60 days of continuous session of the Con-*  
20 *gress after the date on which the notice involved under this*  
21 *paragraph is transmitted to the Congress. If either House of*  
22 *the Congress adopts such a resolution of disapproval, the*  
23 *President shall cease to exercise the authority involved on the*  
24 *date on which such resolution is adopted.*

1       “(3) *For purposes of this subsection, the continuity of a*  
2 *session of Congress is broken only by an adjournment of the*  
3 *Congress sine die, and the days on which either House is not*  
4 *in session because of an adjournment of more than 3 days to*  
5 *a day certain are excluded in the computation of such 60-day*  
6 *period.*

7       “(f)(1) *The President shall not exercise the authority*  
8 *granted under subsections (a) or (b) of this section to achieve*  
9 *the performance of any contract or order for an item of de-*  
10 *fense production if such item, or any component of such item,*  
11 *is obtained from any manufacturer located outside of the*  
12 *United States, unless—*

13               “(A) *such contract or order is for less than*  
14       *\$1,000,000;*

15               “(B) *the Secretary of Defense has determined in*  
16 *writing that such contract or order will not result in*  
17 *the United States becoming primarily dependent on*  
18 *manufacturers located outside of the United States for*  
19 *the supply of such item of defense production, or any*  
20 *component of such item; or*

21               “(C) *the President has certified in writing to the*  
22 *Congress that entering into such contract is essential to*  
23 *the national defense.*

24       “(2) *The requirements of paragraph (1) shall not*  
25 *apply—*

1           “(A) during any period in which there is in  
2           effect—

3                   “(i) a declaration of national emergency  
4                   which is issued by the President; or

5                   “(ii) a declaration of war which is adopted  
6                   by the Congress; or

7                   “(B) with respect to contracts or orders which are  
8                   entered into under the terms of any treaty which is  
9                   ratified by the Senate.

10           “(3) For purposes of this subsection, the term ‘United  
11           States’ means the several States, the District of Columbia,  
12           the Commonwealth of Puerto Rico, Guam, the Virgin Is-  
13           lands, the Northern Mariana Islands, American Samoa, the  
14           Trust Territory of the Pacific Islands, and any other terri-  
15           tory or possession of the United States.”.

16           ~~(b) Section 301 of the Defense Production Act of 1950~~  
17           ~~(50 U.S.C. App. 2001) is amended—~~

18                   ~~(1) in subsection (e)(1)(A), by striking out~~  
19                   ~~“\$38,000,000” and inserting in lieu thereof~~  
20                   ~~“\$50,000,000”; and~~

21                   ~~(2) in subsection (e)(1)(B)—~~

22                           ~~(A) by striking out “60 days” and inserting~~  
23                           ~~in lieu thereof “30 days”;~~

1           (B) by striking out “60-day period” each  
2           place it appears therein and inserting in lieu  
3           thereof “30-day period”;

4           (C) by inserting “(i)” after “such proposed  
5           obligation and”; and

6           (D) by striking out the period at the end of  
7           the first sentence thereof and inserting in lieu  
8           thereof the following: “or (ii) both Houses of Con-  
9           gress adopt a concurrent resolution approving  
10          such obligation. If the Congress adopts such a  
11          concurrent resolution, the guarantee involved may  
12          be made at any time after the date on which such  
13          concurrent resolution is adopted.”.

14          (e) Section 302 of the Defense Production Act of 1950  
15          (50 U.S.C. App. 2002) is amended—

16               (1) by striking out “60 days” and inserting in lieu  
17               thereof “30 days”;

18               (2) by striking out “60-day period” each place it  
19               appears therein and inserting in lieu thereof “30-day  
20               period”; and

21               (3) in the second sentence thereof—

22                       (A) by inserting “(A)” after “such proposed  
23                       loan and”; and

24                       (B) by striking out the period at the end  
25                       thereof and inserting in lieu thereof the following:

1           “or (B) both Houses of Congress adopt a concur-  
2           rent resolution approving such loan. If the Con-  
3           gress adopts such a concurrent resolution, the  
4           loan involved may be made at any time after the  
5           date on which such concurrent resolution is  
6           adopted.”.

7           (d) The first sentence of section 717(a) of the Defense  
8           Production Act of 1950 (50 U.S.C. App. 2166(a)) is amended  
9           by striking out “September 30, 1983” and inserting in lieu  
10          thereof “September 30, 1986”.

11          (e) Section 720 of the Defense Production Act of 1950  
12          (50 U.S.C. App. 2169) is hereby repealed.

13          (f) Section 701 of the Defense Production Act of 1950  
14          (50 U.S.C. App. 2151) is amended by adding at the end  
15          thereof the following:

16          “(e)(1)(A)(i) Any person signing a contract which in-  
17          volves the sale of any defense article or defense service for  
18          use by a nation other than the United States and which in-  
19          cludes an offset agreement in excess of \$5,000,000 shall file  
20          an annual report with the Secretary of the Treasury. Each  
21          such report shall include the total of all offsets, classified by  
22          the category of the defense material or defense services in-  
23          volved, entered into by such person during the three calendar  
24          years preceding the year in which such report is filed. The  
25          first such annual report shall be filed with the Secretary of

1 the Treasury not later than June 1, 1984. Subsequent annual  
2 reports shall be filed not later than June 1 of each year.

3       “(ii) Except as provided in subparagraph (B) and not-  
4 withstanding any other provision of law, including section  
5 552 of title 5, United States Code (commonly known as the  
6 Freedom of Information Act), the Secretary of the Treasury  
7 shall not disclose, except to the Congress, any information  
8 required to be reported pursuant to this subparagraph.

9       “(B) Not later than the first October 1 occurring more  
10 than ninety days after the date of the enactment of this sub-  
11 section and not later than each October 1 occurring after  
12 such October 1, the Secretary of the Treasury shall submit to  
13 the Committee on Banking, Housing, and Urban Affairs of  
14 the Senate and to the Committee on Banking, Finance and  
15 Urban Affairs of the House of Representatives a report on  
16 the total number of contracts reported pursuant to subpara-  
17 graph (A) and the total amount of offsets required by such  
18 contracts. Such report shall contain a breakdown of offsets by  
19 category of defense material or defense services involved and  
20 by recipient country.

21       “(2) For purposes of this subsection—

22       “(A) the term ‘offset’ means any international  
23 transaction between a buyer and seller that provides  
24 nonmonetary compensation which may include, but not  
25 be limited to, the transfer of production or technology



1 to the buyer as a consideration for the purchase of a  
2 particular item or service; and

3 “(B) the term ‘person’ means any individual, sole  
4 proprietorship, partnership, or corporation.

5 “(3) This subsection shall cease to be effective five years  
6 after the date of the enactment of this subsection.

7 “(4) The Secretary of Defense shall report to the Com-  
8 mittee on Banking, Housing, and Urban Affairs of the Senate  
9 and to the Committee on Banking, Finance and Urban Af-  
10 fairs of the House of Representatives any memorandum of  
11 understanding or similar agreement which involves actual,  
12 planned, or potential offsets in contracts involving the sale of  
13 defense articles or services in excess of \$5,000,000 not later  
14 than 30 days after the Secretary of Defense signs such  
15 memorandum of understanding.”.

Committee  
on Banking,  
Finance and  
Urban Affairs  
Amendment

16

#### SHORT TITLE

17

*SECTION 1. This Act may be cited as the “De-  
18 fense Industrial Base Revitalization Act”.*

19

#### *TITLE I—INDUSTRIAL MODERNIZATION AND 20 STRATEGIC AND CRITICAL MATERIALS*

21

*SEC. 101. Title III of the Defense Production  
22 Act of 1950 (50 U.S.C. App. 2091 et seq.) is amended  
23 by inserting after section 303 the following:*

1                   ***“FINDINGS AND PURPOSE***

2           ***“SEC. 303A. (a) The Congress hereby finds, with***  
3 ***respect to section 303B, that—***

4                   ***“(1) the national defense and economic***  
5 ***health of the United States depend upon the***  
6 ***continuous maintenance of a strong and***  
7 ***modern industrial base and the uninterrupted***  
8 ***access to those critical and strategic materials***  
9 ***needed to supply such base;***

10                   ***“(2) in recent years, several important in-***  
11 ***dustries, representing a significant portion of***  
12 ***our Nation’s second and third tier defense in-***  
13 ***dustrial base, have either virtually shut down***  
14 ***or have substantially reduced their production***  
15 ***capacity;***

16                   ***“(3) a major factor in the decline of this***  
17 ***part of our national defense industrial base***  
18 ***has been the inability of small- and medium-***  
19 ***sized businesses to obtain access to sufficient***  
20 ***capital to remain competitive in the face of in-***  
21 ***creasing foreign competition;***

22                   ***“(4) as a result, important segments of the***  
23 ***United States defense industrial base are now***  
24 ***characterized by declining productivity, aging***



1 *quired for the national security or are likely to be*  
2 *required in a time of emergency or war.*

3 *“(2) Such assistance shall be provided only to*  
4 *small- and medium-sized businesses, as defined by*  
5 *the Secretary of Commerce, unless the President de-*  
6 *termines that the interests of national defense re-*  
7 *quire an exception to this limitation.*

8 *“(3) The financial assistance provided under*  
9 *this subsection shall, to the greatest extent possible,*  
10 *be made available to small independently owned and*  
11 *operated businesses.*

12 *“(b)(1) The Secretary of Defense, in consulta-*  
13 *tion with the Secretary of Commerce, shall—*

14 *“(A) determine immediately, and semian-*  
15 *nually thereafter, those industries which*  
16 *should be given priority in the awarding of fi-*  
17 *nancial assistance under subsection (a);*

18 *“(B) determine the type and extent of fi-*  
19 *nancial assistance which should be made avail-*  
20 *able to each such industry; and*

21 *“(C) with respect to the industries speci-*  
22 *fied pursuant to subparagraph (A), indicate*  
23 *those proposals, received under subsection (d),*  
24 *which should be given preference in the award-*  
25 *ing of financial assistance under subsection (a)*

1       *based on a determination that such proposals*  
2       *offer the greatest prospect for improving pro-*  
3       *ductivity and quality, and for providing materi-*  
4       *als which will reduce the Nation's reliance on*  
5       *imports.*

6       *“(2) Each proposal shall include a financial*  
7       *plan which specifies how the assistance offered*  
8       *under this section shall be used to insure that the*  
9       *company involved, by receiving such financial as-*  
10       *sistance, will become more economically viable in*  
11       *the future.*

12       *“(c)(1) The President shall extend assistance*  
13       *under sections 301, 302, and 303, and any other au-*  
14       *thority contained in this Act, to persons engaged in*  
15       *the expansion of the domestic capability and capac-*  
16       *ity to produce or process critical and strategic*  
17       *metals, minerals, and materials, including—*

18               *“(A) the conservation, substitution, and re-*  
19               *cycling of such metals, minerals, and materi-*  
20               *als; and*

21               *“(B) the development of processes, alter-*  
22               *nate product designs and material selection*  
23               *systems, which lessen or obviate the need for*  
24               *such critical and strategic metals, minerals,*  
25               *and materials.*

1       ***“(2) The President shall exercise the authority***  
2 ***granted under this subsection in consultation with***  
3 ***the Secretary of Defense, the Secretary of the Interi-***  
4 ***or, the Secretary of Commerce, and the Director of***  
5 ***the Federal Emergency Management Agency.***

6       ***“(d) The President, in extending assistance***  
7 ***under subsections (a) and (c), shall extend such as-***  
8 ***sistance on the basis of proposals submitted in re-***  
9 ***sponse to a series of public solicitations, the first of***  
10 ***which shall be issued by the President within ninety***  
11 ***calendar days following the date of the enactment of***  
12 ***this section.***

13       ***“(e)(1) Any contract for financial assistance***  
14 ***which is awarded under subsection (a) or (c) and***  
15 ***which utilizes financial assistance through pur-***  
16 ***chase agreements specified in section 303 shall pro-***  
17 ***vide that the President has the right to refuse deliv-***  
18 ***ery of the items specified in such contract and to***  
19 ***pay the person involved an amount equal to the***  
20 ***amount by which the price for such items, as speci-***  
21 ***fied in the contract involved, exceeds the market***  
22 ***price, as determined by the Secretary of Commerce,***  
23 ***for such items on the delivery date specified in such***  
24 ***contract.***

1       ***“(2) Financial assistance under subsection (a)***  
2 ***or (c) shall not be extended to assist establishments***  
3 ***relocating from one area to another or to assist per-***  
4 ***sons whose purpose is to divest, or whose economic***  
5 ***success is dependent upon divesting, other persons***  
6 ***of contracts theretofore customarily performed by***  
7 ***them, except that such limitation shall not be con-***  
8 ***strued to prohibit such financial assistance for the***  
9 ***expansion of an existing business entity through the***  
10 ***establishment of a new branch, affiliate, or subsidi-***  
11 ***ary of such business entity if the President finds***  
12 ***that the establishment of such branch, affiliate, or***  
13 ***subsidiary will not result in an increase in unem-***  
14 ***ployment in the area of original location or in any***  
15 ***other area where such entity conducts business oper-***  
16 ***ations, unless the President has reason to believe***  
17 ***that such branch, affiliate, or subsidiary is being es-***  
18 ***tablished with the intention of closing down the op-***  
19 ***erations of the existing business entity in the area of***  
20 ***its original location or in any other area where it***  
21 ***conducts such operations.***

22       ***“(f)(1)(A) There are authorized to be appropri-***  
23 ***ated to carry out the provisions of subsections (a),***  
24 ***(b), and (c) not to exceed—***

25       ***“(i) \$400,000,000 for fiscal year 1984;***

1           *“(ii) \$600,000,000 for fiscal year 1985; and*

2           *“(iii) \$800,000,000 for fiscal year 1986.*

3           *“(B) Such sums shall remain available until ex-*  
4 *pended.*

5           *“(2)(A) In the use of loan guarantees, price*  
6 *guarantees, and direct loans as Federal financial in-*  
7 *centives to accomplish the objectives of this section,*  
8 *the President may utilize the borrowing authority of*  
9 *the Treasury to the extent that the estimated ulti-*  
10 *mate net cost of such incentives to the Government*  
11 *does not exceed the total of appropriations made by*  
12 *the Congress to carry out the provisions of subsec-*  
13 *tions (a), (b), and (c). Such estimates shall be based*  
14 *upon the past experience of the actual costs of Fed-*  
15 *eral financial incentives under this Act and related*  
16 *expenses.*

17           *“(B) The use of loan guarantees, price guaran-*  
18 *tees, and direct loans under this section and the use*  
19 *of the borrowing authority of the Treasury under*  
20 *this subsection shall be effective for any fiscal year*  
21 *only to such extent or in such amounts as are pro-*  
22 *vided in advance in appropriation Acts.”.*



1           ***TITLE II—DEFENSE-RELATED SKILL***  
2                   ***TRAINING AND EDUCATION***

3           ***SEC. 201. Title III of the Defense Production***  
4 ***Act of 1950 (50 U.S.C. App. 2091 et seq.) is amended***  
5 ***by inserting after section 303B, as added by title I of***  
6 ***this Act, the following:***

7                   ***“FINDINGS AND PURPOSE***

8           ***“SEC. 303C. (a) The Congress hereby finds, with***  
9 ***respect to sections 303D and 303E, that—***

10                   ***“(1) there is a serious shortage of trained***  
11 ***workers for many critical defense-related occu-***  
12 ***pations;***

13                   ***“(2) in many such occupations, this labor***  
14 ***shortage will worsen as the present defense***  
15 ***buildup gets underway;***

16                   ***“(3) this labor shortage has the potential***  
17 ***of seriously jeopardizing the Nation’s defense***  
18 ***preparedness;***

19                   ***“(4) there is currently no federally focused***  
20 ***effort to remedy this threat to our national se-***  
21 ***curity by training workers specifically for***  
22 ***critical defense-related jobs;***

23                   ***“(5) this labor shortage is occurring at the***  
24 ***same time that vast numbers of skilled and***

1       *semi-skilled workers have been permanently*  
2       *dislocated from their prior occupations; and*

3               *“(6) there is currently inadequate assist-*  
4       *ance being provided to institutions of higher*  
5       *education to assist them in obtaining and in-*  
6       *stalling the modern equipment needed to train*  
7       *individuals for work in such occupations.*

8               *“(b) It is the purpose of sections 303D and 303E*  
9       *to train individuals, especially dislocated workers,*  
10       *for jobs in critical defense-related skills, as deter-*  
11       *mined by the President, and to provide assistance to*  
12       *institutions of higher education to obtain and install*  
13       *equipment to train individuals in such skills.*

14       *“DEFENSE-RELATED SKILLS TRAINING PROGRAM*

15               *“SEC. 303D. (a)(1) The President shall take im-*  
16       *mediate action to develop and implement a national*  
17       *program to train workers in skills which the Presi-*  
18       *dent determines are necessary in the industries*  
19       *identified under subsections (a), (b), or (c) of section*  
20       *303B, and which the President determines are in*  
21       *short supply or are anticipated to be in short supply.*

22               *“(2) The Secretary of Defense, after consulta-*  
23       *tion with the Secretary of Labor and the National*  
24       *Occupational Information Coordinating Committee,*  
25       *shall transmit to the President the recommenda-*

1 *tions of the Secretary of Defense regarding the de-*  
2 *terminations which the President is required to*  
3 *make under paragraph (1).*

4       “(b)(1) Assistance under this section shall be in  
5 *the form of a grant to a Governor to be allotted to a*  
6 *State board of vocational education or other agency*  
7 *or agencies designated in the State plan by the Gov-*  
8 *ernor of the State involved. Such grants may be ex-*  
9 *tended only if a State plan for a three-year program*  
10 *of skills training has been submitted by the Gover-*  
11 *nor to the President and approved by the President.*

12       “(2) The President may, to the extent possible—

13               “(A) provide assistance in coordinating the  
14 *State plans developed under this section; and*

15               “(B) provide technical assistance and sup-  
16 *port services in the implementation and con-*  
17 *duct of programs of skills training which are*  
18 *carried out under this section.*

19       “(c) The President, in determining the extent to  
20 *which State plans shall be funded, shall make use of*  
21 *all appropriate and reasonable factors, but shall*  
22 *give particular emphasis to—*

23               “(1) *the present or anticipated short*  
24 *supply in that State of skilled workers for in-*

1        *dustries identified by the President under sub-*  
2        *section (a), (b), or (c) of section 303B;*

3                *“(2) the number of labor surplus areas in*  
4        *such State; and*

5                *“(3) the extent to which the State plan is*  
6        *designed to train dislocated workers for skilled*  
7        *occupations in such industries which are pres-*  
8        *ently in short supply or anticipated to be in*  
9        *short supply upon the completion of such*  
10       *training.*

11       *“(d) The President shall not approve for fund-*  
12       *ing any State plan unless—*

13                *“(1) the State plan has been developed*  
14       *with representatives of the management and*  
15       *workers of the industries involved and with*  
16       *public and private educational institutions of*  
17       *the State;*

18                *“(2) the State plan includes on-the-job*  
19       *training, vocational, and other institutional*  
20       *training programs;*

21                *“(3) the State plan is designed to ensure*  
22       *meaningful opportunities for participation by*  
23       *minorities and women;*

24                *“(4) the Governor of the State has certified*  
25       *in writing that the State plan will be carried*

1       *out in accordance with the requirements of this*  
2       *section; and*

3               *“(5) such State plan includes—*

4                       *“(A) upgrading skills training; and*

5                       *“(B) retraining of workers in de-*  
6                       *pressed industries, in surplus labor areas,*  
7                       *or with occupational skills which might*  
8                       *become obsolete because of industrial mod-*  
9                       *ernization or technological advancement,*  
10                      *in skills which the President determines*  
11                      *under subsection (a) are necessary in the*  
12                      *industries identified under subsection (a),*  
13                      *(b), or (c) of section 303B as necessary to*  
14                      *the manufacture or supply of national de-*  
15                      *fense materials which are required for the*  
16                      *national security or are likely to be re-*  
17                      *quired in a time of emergency or war.*

18               *“(e) The State plan shall, where appropriate, in-*  
19       *clude certified apprenticeship training pursuant to*  
20       *an apprenticeship plan.*

21               *“(f) Any bona fide public or private training*  
22       *program engaged in training workers in skills de-*  
23       *scribed in subsection (a) shall be considered eligible*  
24       *to deliver such training services upon written appli-*  
25       *cation, pursuant to a competitive process, to the*

1 *State board of vocational education or other agency*  
2 *or agencies designated by the Governor of the State*  
3 *involved under subsection (b)(1).*

4 *“(g) The State job training coordinating council*  
5 *under Public Law 97-300 shall be given the*  
6 *opportunity—*

7 *“(1) to participate in the development of*  
8 *the plan;*

9 *“(2) to review the plan for thirty days*  
10 *prior to its submission to the President; and*

11 *“(3) to submit written comments along*  
12 *with the submission of the plan to the Presi-*  
13 *dent.*

14 *“(h) The activities funded under this section*  
15 *shall not duplicate facilities or services available in*  
16 *the area (with or without reimbursement) from Fed-*  
17 *eral, State, or local sources, unless the plan provides*  
18 *evidence that alternative services or facilities would*  
19 *be more effective or more likely to achieve the objec-*  
20 *tives specified in subsection (a) of this section.*

21 *“(i) The plan shall contain assurances that the*  
22 *activities funded under this section will be coordi-*  
23 *nated to the maximum extent feasible with other*  
24 *employment-related programs in the State, through*  
25 *joint agreements where practicable, or through joint*

1 *administration, with programs funded under the Job*  
2 *Training Partnership Act to ensure maximum par-*  
3 *ticipation of eligible participants under such Act in*  
4 *training programs funded under this section, and*  
5 *through consultation and coordination with certi-*  
6 *fied apprenticeship plans, where such plans are in*  
7 *effect, to ensure that the plan does not duplicate or*  
8 *undermine existing certified apprenticeship pro-*  
9 *grams.*

10 *“(j) The State plan shall include a certification*  
11 *which assures the following labor training stand-*  
12 *ards and requirements will be met:*

13 *“(1) conditions of training shall be appro-*  
14 *priate and reasonable in the light of such fac-*  
15 *tors as the type of work, geographical region,*  
16 *and proficiency of the participant;*

17 *“(2) health and safety standards estab-*  
18 *lished under State or Federal law, otherwise*  
19 *applicable to working conditions of employees,*  
20 *shall be equally applicable to working condi-*  
21 *tions of participants;*

22 *“(3) to the extent that a State workers’*  
23 *compensation law is applicable, workers’ com-*  
24 *pensation benefits in accordance with such law*  
25 *shall be available with respect to injuries suf-*

1       *ferred by participants. To the extent that such*  
2       *law is not applicable, each recipient or subreci-*  
3       *pient of funds under this section shall secure*  
4       *insurance coverage for injuries suffered by*  
5       *such participants, in accordance with regula-*  
6       *tions prescribed by the Secretary of Labor;*

7               *“(4) no currently employed worker shall be*  
8       *displaced by any participant (including partial*  
9       *displacement such as a reduction in the hours*  
10       *of nonovertime work, wages, or employment*  
11       *benefits);*

12               *“(5) no program shall impair existing con-*  
13       *tracts of employment;*

14               *“(6) no person shall be trained for a job—*

15                       *“(A) when any other employee in the*  
16       *same workplace or plant is on layoff from*  
17       *the same or any substantially equivalent*  
18       *job; or*

19                       *“(B) when the employer has terminat-*  
20       *ed the employment of any regular employ-*  
21       *ee or otherwise reduced its workforce with*  
22       *the intention of filling the vacancy so cre-*  
23       *ated by hiring a participant whose training*  
24       *is assisted under this section;*



1           ***“(7) recipients of funds available under***  
2           ***this section have given assurances that such***  
3           ***funds shall not be used to assist, promote, or***  
4           ***deter union organizing;***

5           ***“(8) no funds available under this section***  
6           ***may be used to assist, promote, or deter union***  
7           ***organizing; and***

8           ***“(9) no funds will be used to train workers***  
9           ***for low skilled occupations.***

10          ***“(k) Any grant under under this section shall be***  
11       ***extended in any year only after the State involved***  
12       ***has provided a contribution, from public or private***  
13       ***resources, to carry out the State plan in an amount***  
14       ***equal to 10 per centum of the cost of the State plan***  
15       ***for such year.***

16          ***“(l) Each training program under the State plan***  
17       ***shall include contributions and other types of active***  
18       ***participation during the course of training from in-***  
19       ***dustry or labor organizations or both, except that***  
20       ***the President, upon written request from a State,***  
21       ***may exempt training programs in economically de-***  
22       ***pressed communities from the contribution required***  
23       ***under this paragraph.***

24          ***“(m) A portion of a State’s contribution may***  
25       ***consist of ‘in kind’ contributions of equipment, facil-***

1 *ities, personnel, or services to the extent that such*  
2 *'in kind' contribution is utilized in carrying out the*  
3 *State's plan. No such 'in kind' contribution may in-*  
4 *clude equipment acquired under section 303E.*

5       *“(n) The President shall act upon each State*  
6 *plan not later than ninety days after the date on*  
7 *which such State plan is received. Such action shall*  
8 *be based upon the recommendations of the Secretary*  
9 *of Defense, the Secretary of Labor, and the Secre-*  
10 *tary of Education.*

11       *“(o) No person shall be excluded from participa-*  
12 *tion in, denied the benefits of, subjected to discrimi-*  
13 *nation under, or denied training in the administra-*  
14 *tion of or in connection with any program under this*  
15 *section because of race, color, religion, sex, national*  
16 *origin, age, handicap, or political affiliation or*  
17 *belief.*

18       *“(p) Not more than 10 per centum of the amount*  
19 *of any grant made under this section may be used by*  
20 *a State for administrative expenses incurred in car-*  
21 *rying out a State plan.*

22       *“(q) Assistance under this section may be used*  
23 *to purchase and install equipment for training pur-*  
24 *poses. The purchase of any such equipment shall be*  
25 *done by means of competitive bidding.*